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AUTHOR Toland, Kathie
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ABSTRACT

The lessons in this 3-part series are intended to provide students with a basic understanding of the relationship between the United States and Mexico, with emphasis on multiple perspectives, conflict and cooperation, and interdependence. This curriculum unit, Part 3, examines the economic interdependence of the United States and Mexico to learn how events and changes in Mexico affect and continue to impact the economy, society, and politics of the United States. The introduction presents a rationale, state and national history standards, series goals, matrix of lessons, materials needed, time and suggested sequence of activities, and small-group roles. This unit contains four lessons: (1) "Setting the Context for U.S.-Mexico Relations" (contains handouts and maps); (2) "Categories of Trade: The U.S.-Mexico Case" (contains a fact sheet); (3) "Interdependence and Devaluation: A Case Study" (contains handouts and teacher material); and (4) "Twin Cities Working Together: A Case Study" (contains 7 position papers, teacher material, and a transparency). (BT)

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Perspectives from Both Sides of the Border

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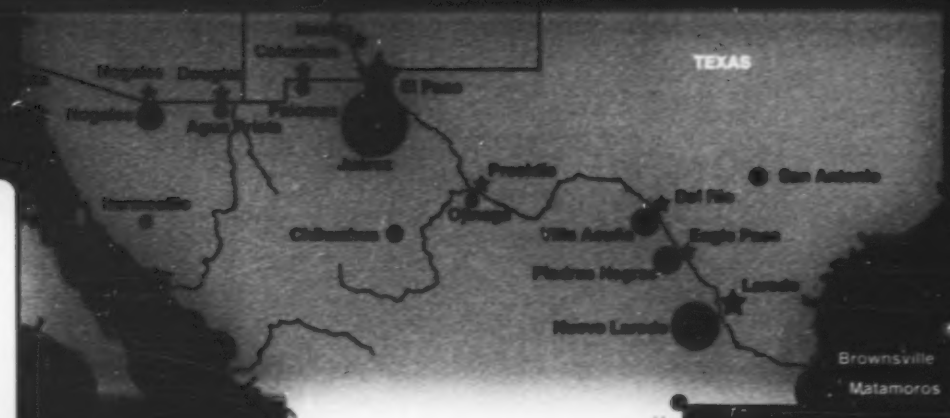

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U.S.–Mexico Economic Interdependence:
Perspectives from Both Sides of the Border

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For further information contact:
Stanford Program on International and Cross-Cultural Education (SPICE)
Institute for International Studies (IIS)
Encina Hall, Stanford University
Stanford, CA 94305-6055
Tel.: (800) 578-1114
Fax: (650) 723-6784
http://spice.stanford.edu
E-mail: SPICE.sales@forsythe.stanford.edu

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Series
Introduction

U.S.–Mexico Relations

A Three-Part Series

Rationale and Introduction

The histories of the United States and Mexico have been closely linked since at least the middle of the 19th century, when Mexico lost half of its territory to the United States with the signing of the Treaty of Guadalupe Hidalgo in 1848. Since that time, the two countries have had close relations as events that occur in one country invariably affect the other. The presence of a large Mexican-American population in the United States and the signing of the North American Free Trade Agreement (NAFTA) clearly demonstrate the continued importance of U.S.–Mexico relations.

In light of these close ties, the lessons in this three-part series are intended to provide students with a basic understanding of the relationship between the United States and Mexico. In part one, *Episodes in the History of U.S.–Mexico Relations*, students will examine two important historical episodes. The first episode focuses on an instance of conflict between the two countries, namely, the Mexican–American War in the mid-19th century. The second episode focuses on an instance of cooperation between the two countries, namely, the Bracero Program in the mid-20th century.

In part two, *Contemporary Issues in U.S.–Mexico Relations*, students will examine three key contemporary issues: immigration, NAFTA, and the environment.

In part three, *U.S.–Mexico Economic Interdependence: Perspectives from Both Sides of the Border*, students will examine perspectives on trade, twin cities, and the maquiladoras.

Because the students will not be able to appreciate these historical and contemporary lessons without having some knowledge of the geography of the three countries, each of these two parts of the series begins with a lesson that sets a geographic context for the lesson topics.

The following themes are emphasized throughout the U.S.–Mexico Relations series:

- multiple perspectives
- conflict and cooperation
- interdependence (economic, political, and social) between the two countries

Although all three themes may be explored in all of the lessons, one or two of the themes may be more important in certain lessons.

series introduction

After completing the lessons in this series, the students should understand not only the importance of the relationship between the United States and Mexico, but also how events and changes in Mexico have affected and continue to impact the economy, society, and politics of the United States.

State and National History Standards

Many states recommend the teaching of U.S. relations with Mexico at the middle school level. The *History–Social Science Framework for California Public Schools,* for example, includes this study at the grade 8 course of study:

> Special attention should be given to the Mexican–American War, its territorial settlements, and its aftermath in the lives of the Mexican families who first lived in the region. (p. 71)

The *History–Social Science Framework for California Schools* also includes the study of Mexico at the grade 10 course of study:

> They [students] should also consider Mexico's relationship with the Yankee colossus to its north, including the lure that the United States holds for Mexico's people seeking economic opportunity. (p. 92)

The *National Standards for History* recommends the teaching of U.S. relations with Mexico at either the 5–12 or 9–12 grade levels, as listed under the "Expansion and Reform" section of the standards:

> 5–12 Explain the causes of the Texas War for Independence and the Mexican–American War and evaluate the provisions and consequences of the Treaty of Guadalupe Hidalgo.
>
> 9–12 Analyze different perspectives on the Mexican–American War. (p. 93)

Episodes in the History of U.S.–Mexico Relations is recommended for grades 8–12. *Contemporary Issues in U.S.–Mexico Relations* is recommended for grades 9–12. *U.S.–Mexico Economic Interdependence: Perspectives from Both Sides of the Border* is recommended for grades 8–12.

Series Goals

Each of the lessons in this curriculum unit lists its specific learning objectives. The following list of objectives reflects larger goals for the three-part U.S.–Mexico Relations series as a whole.

In this curriculum unit, students will:

- develop a basic understanding of the history of U.S.–Mexico relations
- develop a basic understanding of contemporary issues related to immigration from Mexico to the United States, NAFTA, and the environment
- develop a basic understanding of the economic interdependence between the United States and Mexico

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- learn how geography has influenced relations between the United States and Mexico
- appreciate multiple perspectives related to historical episodes and contemporary issues in U.S.–Mexico relations
- learn to think critically and make informed opinions
- evaluate different opinions and generate alternative perspectives on an issue
- learn tools to enhance awareness and communication
- work effectively in small and large groups
- organize and express opinions

Matrix of Lessons

Each of the three parts of the U.S.–Mexico Relations series can be taught individually. However, for teachers interested in utilizing the entire series or selected lessons taken from the three parts of the series, the following matrix is provided as a reference. The horizontal rows of the matrix show how the lessons in each of the three parts are related.

Part One: ***Episodes in the History of U.S.–Mexico Relations***	**Part Two:** ***Contemporary Issues in U.S.–Mexico Relations***	**Part Three:** ***U.S.–Mexico Economic Interdependence: Perspectives from Both Sides of the Border***
Lesson One: Setting the Context	Lesson One: Setting the Context	Lesson One: Setting the Context
Lesson Two: The Fight for Texas and the Mexican–American War		
Lesson Three: Bracero Program	Lesson Two: Immigration	
	Lesson Three: North American Free Trade Agreement (NAFTA)	Lesson Two: Categories of Trade: The U.S.–Mexico Case
	Lesson Four: NAFTA and the Environment	Lesson Three: Interdependence and Devaluation: A Case Study
		Lesson Four: Twin Cities Working Together: A Case Study

Materials

Handouts and primary-source documents have been provided with each activity. Permission is given to reproduce these handouts and documents for classroom use only.

Time, Suggested Sequence of Activities

Episodes in the History of U.S.–Mexico Relations is divided into three lessons. We recommend one class period for Lesson One and two to three class periods each for Lessons Two and Three.

Contemporary Issues in U.S.–Mexico Relations is divided into four lessons. We recommend one class period for Lesson One, and two to three class periods for Lessons Two through Four.

series introduction

U.S.–Mexico Economic Interdependence: Perspectives from Both Sides of the Border is divided into four lessons. We recommend one class period for Lesson One, and two class periods for Lessons Two through Four.

Small-Group Roles

This three-part U.S.–Mexico Relations series engages students in many small-group activities. Some of the suggested roles and responsibilities for students working in small groups are:

- **Facilitator**: responsible for reading instructions or designating someone in the group to read instructions, for assuring that the group is on task, and for communicating with the instructor
- **Recorder**: responsible for writing answers to questions, taking notes, etc.
- **Timekeeper**: responsible for keeping track of the time allocated for activities
- **Materials Manager**: responsible for obtaining and keeping track of materials used by the group
- **Harmonizer**: responsible for the group process, making sure, for example, that no one dominates the discussion and that everyone is participating
- **Reporter**: responsible for organizing group presentations and presenting results of activities to the class

Subjects

This series is recommended for use in social studies, history, global/international studies, ethnic studies, and contemporary issues classes.

Equipment

- Overhead projector

Icons

For easier reference, the following icons are used throughout the series:

Notes to the Teacher

Small Group Activity

Transparency

Group Presentation

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References

History-Social Science Framework for California Public Schools. 1997 Updated Edition. Sacramento: California Department of Education, 1988, 1997.

National Standards for History. Los Angeles: University of California, 1996.

Lesson One

SETTING THE CONTEXT FOR U.S.–MEXICO RELATIONS

Organizing Questions

- What does "bilateral" mean?
- What are the basic physical and political geographic features of Mexico?
- Why is the border region between the United States and Mexico important?

Introduction

The United States and Mexico are diverse, complex countries with a shared history. The geographic proximity of the United States and Mexico has allowed for an exchange of ideas, interaction of cultures, and cross movement of people. To understand how U.S.–Mexico relations have developed into what they are today, it is important to know something about geography. A knowledge of geography is helpful when trying to understand bilateral relations, particularly of countries that share a common border.

In addition, it is important to learn about the regions on either side of the border that divides the two countries because that is where the connections and similarities between the two nations are likely to be most noticeable. Studying geography historically will also aid our understanding of the relations between the two countries because, as we will learn, much of what is now the U.S. Southwest was once part of Mexico.

In the first portion of this lesson, students will complete an "Impact on Me" questionnaire to see what they already know about the interdependence of these two countries. They will also be introduced to the concept of bilateralism. In the second portion of this lesson, students will be introduced to the basic physical and political geographic features of Mexico and will examine paired border towns along the U.S.–Mexico border.

Students will receive four maps in this lesson. These maps can be used as a reference for all three parts of the U.S.–Mexico Relations curriculum unit series.

Objectives

knowledge

- to think critically about how geography influences history
- to acquire basic knowledge of the physical and political geography of Mexico

lesson one

- to understand the interdependence of border towns as it relates to geography

attitude

- to appreciate the interdependence of border towns as it relates to geography
- to consider how U.S.–Mexico relations have affected students' own lives

skill

- to work effectively in small groups
- to develop map skills

Materials

- Questionnaire, Impact on Me, one copy per student
- Handout #1, What Does "Bilateral" Mean?, one copy per small groups of 3–4
- Handout #2, Geographic Background of Mexico, one copy per student
- Physical Map of Mexico, one copy per student
- Political Map of Mexico, one copy per student
- U.S.–Mexico Border Map, one copy per student
- Map of U.S. Expansion, one copy per student

Time

One class period

Procedure

1. Introduce this curriculum unit by informing students that they will be studying U.S.–Mexico relations. This introductory lesson helps to set the context for the U.S.–Mexico Relations curriculum unit series.
2. To help students set a personal context for the contemporary economic and social relationship between the United States and Mexico, distribute a copy of the Questionnaire, Impact on Me, to each student. Allow students 10–15 minutes to fill out the questionnaire and write their responses to the discussion questions at the end of the questionnaire. As a class, discuss student responses to the discussion questions.

3. Divide the class into small groups of three or four students. Point out to students that they will be studying *bilateral* relations between the United States and Mexico. Distribute Handout #1, What Does "Bilateral" Mean?, to the small groups of students, and ask groups to define "bilateral" as well as consider issues that affect both countries.

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As a class, discuss the group definitions of "bilateral" as well as the issues that affect both countries. Compare their definitions with the following definition from Webster's:

> *adj.* 1: having two sides 2: affecting reciprocally two sides or parties <a bilateral treaty>

4. To set a geographic context for the series, distribute copies of the following maps to each student. Students should refer to these maps throughout the series.
   - Physical Map of Mexico, one copy per student
   - Political Map of Mexico, one copy per student
   - U.S.–Mexico Border Map, one copy per student
   - Map of U.S. Expansion, one copy per student

Have students in partner pairs read through Handout #2, Geographic Background of Mexico. They will need to reference the maps listed above.

5. Debrief by having students offer their responses to the discussion questions raised in Handout #2. Point out that these questions will be further discussed in the various lessons of the U.S.–Mexico Relations curriculum series.

IMPACT ON ME

Directions: Listed below are nine factual statements about the economic and social relationship between Mexico and the United States. In each case, you should decide how much impact that fact has on your life, on Mexico, and on the United States. In each box, place a minus sign (–) for little or no impact, or a plus sign (+) for moderate or great impact. Lastly, write your responses to the discussion questions at the end of this questionnaire.

1. The North American Free Trade Agreement between the United States, Canada, and Mexico reduces or eliminates tariffs on goods and services.

❑ Impact on me
❑ Impact on Mexico
❑ Impact on the United States

2. Mexico protested a U.S. ban on imports of tuna from Mexico because the Mexican fishing industry uses nets that capture and kill dolphins along with the tuna.

❑ Impact on me
❑ Impact on Mexico
❑ Impact on the United States

3. T-shirts, jeans, and other articles of clothing sold in the United States are sewn together by Mexican women working in factories on the U.S.–Mexico border.

❑ Impact on me
❑ Impact on Mexico
❑ Impact on the United States

4. Many U.S., Asian, and European manufacturers have located assembly plants in Mexico.

❑ Impact on me
❑ Impact on Mexico
❑ Impact on the United States

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5. Mexico is the United States' third-largest trading partner after Canada and Japan.

- ❑ Impact on me
- ❑ Impact on Mexico
- ❑ Impact on the United States

6. Mexico exports fruits and vegetables to the United States.

- ❑ Impact on me
- ❑ Impact on Mexico
- ❑ Impact on the United States

7. California exports electronic parts, machinery, engines, and transportation equipment to Mexico.

- ❑ Impact on me
- ❑ Impact on Mexico
- ❑ Impact on the United States

8. Restrictions on travel between Mexico and the United States for business and professional workers were removed by the North American Free Trade Agreement.

- ❑ Impact on me
- ❑ Impact on Mexico
- ❑ Impact on the United States

9. Mexican immigrants to the United States, who commonly work for minimum wage, help keep down the price of many goods in the United States.

- ❑ Impact on me
- ❑ Impact on Mexico
- ❑ Impact on the United States

questionnaire

Discussion Questions:

Which of the above facts had or has the greatest impact on you as an individual? Why?

Which of the above facts had or has the greatest impact on Mexico? Why?

Which of the above facts had or has the greatest impact on the United States? Why?

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WHAT DOES BILATERAL MEAN?

Background
The bilateral relations between the United States and Mexico provide the conceptual framework for this U.S.–Mexico Relations curriculum unit series. Understanding how policies, events, and issues impact populations on both sides of the border will be emphasized throughout this series.

Using a dictionary:

Look up what the prefix "bi-" means._____
_____
_____

Look up what "lateral" means._____
_____
_____

Based on the definitions of each part of the word, what do you think "bilateral" means? Write your own definition. Then compare your definition with the dictionary's.
Your definition:

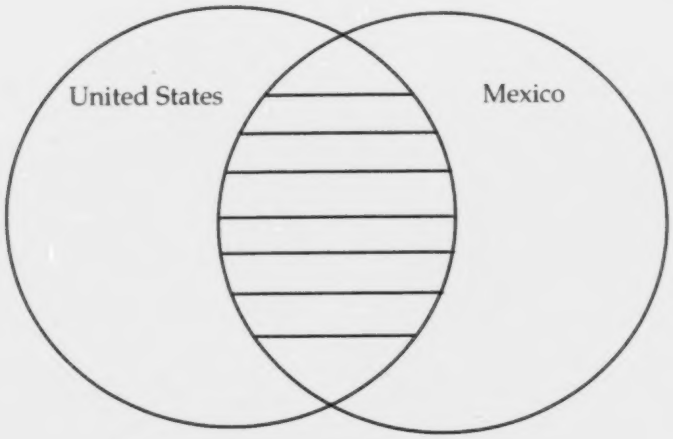
_____
_____
_____
_____
_____

The dictionary's definition:

_____
_____
_____
_____
_____

handout #1

What do you know about U.S.–Mexico relations? Write some issues that affect both countries in the overlapping area of the two circles shown below.



Why is it important to study bilateral relations between the United States and Mexico?

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GEOGRAPHIC BACKGROUND OF MEXICO

While reading this handout, consider and discuss the questions that appear. Assign one student to write a summary of your pair's discussion of the questions.

Background Information:

When Mexico achieved independence in 1821 it was twice as large as it is today. Soon, however, much of the country's northern territory was lost to the United States. Texas, New Mexico, Arizona, California, Nevada, Utah, and part of Colorado once belonged to Mexico. Refer to the map of U.S. expansion and comment on the following questions:

- Would Mexico have developed differently had it maintained its original territory?
- Do you think the United States would be as powerful had it not acquired this territory from Mexico?

Although the area encompassed by contemporary Mexico is smaller than that of the United States, the physical geography of Mexico is as varied as that of the United States. We must remember that both countries are part of the continent of North America and because they are next to each other, they have some similarities in their physical geography—particularly along the 2,000-mile border that they share.

Mexico is the third-largest country in Latin America and its geography is generally divided into four climate zones. The *Tierra Caliente* (or hot land) extends from sea level to 2,600 feet altitude and includes the coastal lowlands as well as parts of *Baja California* and *Yucatán*. The *Tierra Templada* (or temperate land) lies between 2,600 and 6,000 feet, and the majority of Mexico (about 75 percent) lies within this climate zone. In addition, Mexico has a *Tierra Fría* (or cold land), which includes regions that are at 6,000 to 12,000 feet altitude, and a *Tierra Helada* (or frozen land), which includes those regions more than 12,000 feet above sea level.

Referring to both the physical and political maps of Mexico, read through the following:

In terms of rainfall, the farther south you travel the wetter the country becomes. Most of *Baja California* and the other northern Mexican states bordering the United States are quite arid, despite the presence of the *Rio Grande* river. In the southern Central Plateau, there are three main rivers: the *Lerma*, the *Pánuco-Montezuma*, and the upper *Balsas*. The great amount of rainfall creates lakes, such as *Chapala*, and smaller rivers. Unfortunately, none of the rivers has been able to provide a good means of transportation for Mexico. Transportation is further made difficult by the two mountain ranges, the *Sierra Madre Oriental* (on the east) and the *Sierra Madre Occidental* (on the west), which traverse much of the country and continue north into the United States. The southern edge of the eastern mountain range in the eastern part of the nation is formed by several volcanoes, including *Popocatépetl* (17,887 feet), *Iztaccíhuatl* (17,343 feet), and *Orizaba* (18,700 feet). Some of these volcanoes are still active.

Mexico is bordered on the north by the United States, on the west by the *Pacific Ocean*, on the northeast by the *Gulf of Mexico*, and on the northwest by the *Gulf of California*, which separates the *Baja California* peninsula from the rest of Mexico. In the south the

country narrows to a strip called the *Isthmus of Tehuantepec*, then extends to the Yucátan peninsula where it borders with the countries of Guatemala and Belize.

Mexico is currently divided into 31 states plus the Federal District. Six of these states—*Baja California, Sonora, Chihuahua, Coahuila, Nuevo León*, and *Tamaulipas*—border with the United States. Since these states are geographically closer to the United States than to Mexico City, they have had a close relationship, particularly economically, with their northern neighbor. Mexicans on the border often work and shop within the United States and many U.S. companies have set up shops along the border. Although these Mexican border states had historically been very sparsely populated, their populations have boomed in recent decades. In fact, currently five of Mexico's ten largest cities are located within a state bordering the United States. Like their population, the economies of these Mexican border states have increased dramatically in recent years and much of that increase can be directly attributed to U.S. companies and U.S. capital.

Referring to the U.S.–Mexico border map, consider the following questions:

- What types of interaction do you think people have with those on the other side of the border?
- In what ways might the culture of one country affect the other country?
- Do you think it is important for city officials in twin cities along the border to interact or work on issues such as the environment?

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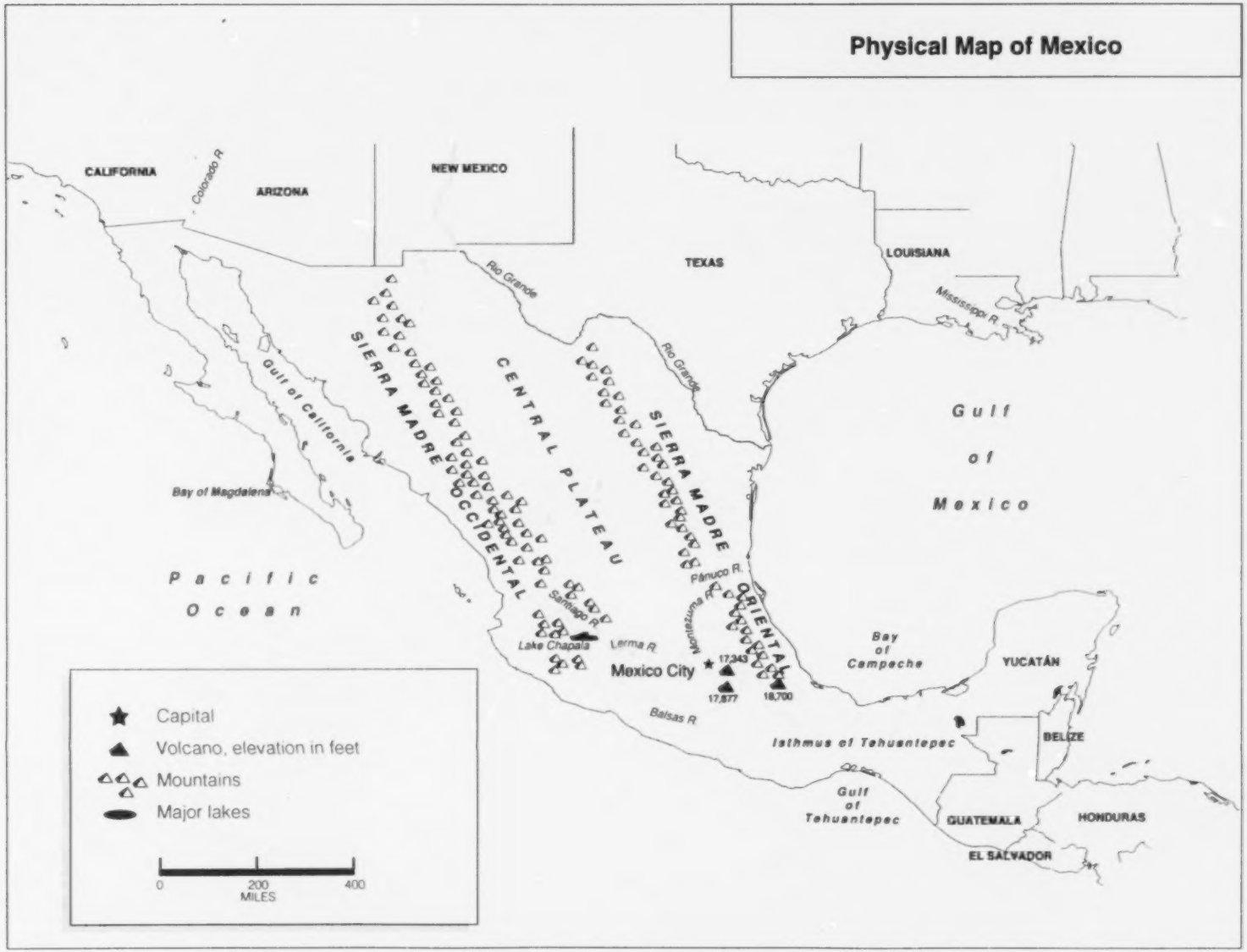
PHYSICAL MAP OF MEXICO

POLITICAL MAP OF MEXICO

U.S.–MEXICO BORDER MAP

MAP OF U.S. EXPANSION



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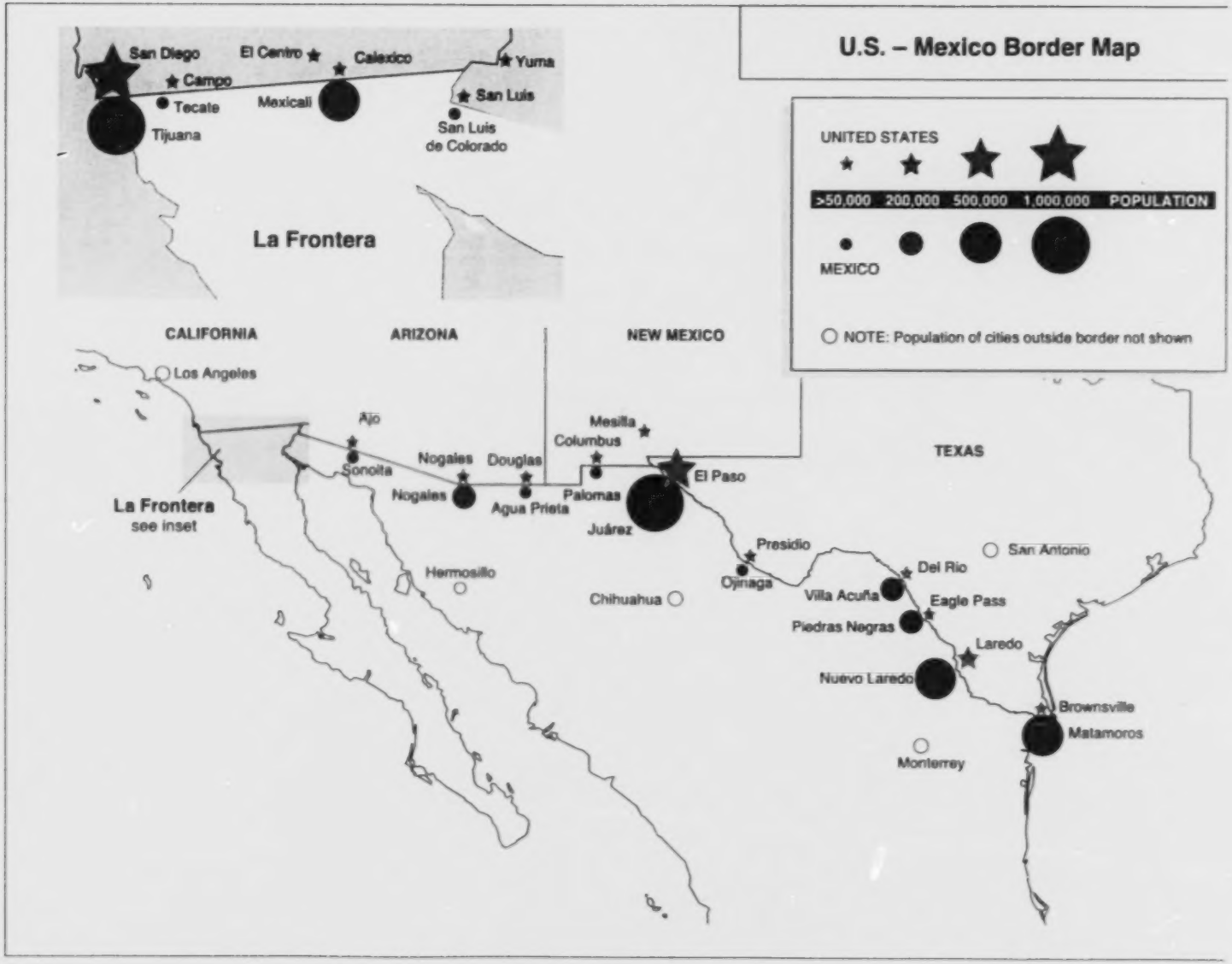

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Map of U.S. Expansion

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Lesson Two

CATEGORIES OF TRADE

THE U.S.–MEXICO CASE

Organizing Questions

- What are some broad categories of international trade?
- What are some categories of exchange involved in U.S.–Mexico relations?

Introduction

The international flow of people, goods, technology, money, and information is not a new phenomenon, but one that preceded the establishment of national boundaries. In the last half of the twentieth century, however, that movement has accelerated and its volume has increased to a point unprecedented in history. The inevitable result is a global economy in which change in one country's policies immediately affects other countries. A case in point is the relationship between the United States and Mexico. The two countries are more than neighbors living side by side; their economies are intertwined and interdependent, made more so by the inception of NAFTA (the North American Free Trade Agreement) in 1994, which made Mexico the United States' third-largest trading partner.

If asked, most students would acknowledge an awareness of the fact that the two economies are linked in some way. Certainly, media discussion of Mexico's political situation, of immigration across the border, or of its large trade deficit in the 1990s has provided students with some background to this complex relationship. Few students however, realize that the interaction of the two economies directly impacts their lives, as well as the nation as a whole.

This curriculum unit acquaints students with some aspects of the relationship by focusing on the so-called "twin cities" along the border, where the impact of the two economies on one another is most visible, understandable, and dramatic.

The economic issues involved in the relationship between the two countries too often elicit responses based on emotion rather than on substantive information. This unit addresses the problem by providing factual information and multiple perspectives for student analysis and evaluation.

The lessons included in this unit introduce key notions about international trade and political economy. The concepts that are addressed will acquaint students with the knowledge, skills, and attitudes that are necessary for understanding and discussing the complex relations between the United States and Mexico. Because of its strong emphasis on economics, this unit is a useful tool for

describing important concepts in this area of study, with the added advantage of situating them within a real and contemporary context. Further, the exercises and activities suggested in the lessons are structured so as to encourage the use of critical thinking skills, such as the analysis of a problem from multiple perspectives and questioning skills.

Objectives

- to identify broad categories of international trade and give specific examples of each
- to identify categories of exchange involved in U.S.–Mexico relations
- to understand the concept of economic interdependence as being a tightknit relationship between two countries in which each is affected economically by the actions of the other

Materials

- Handout #1: Impact Questionnaire (from Lesson One)
- Fact Sheet: U.S.–Mexico Economic Interdependence, one copy per group of 3–4 students
- Butcher paper

Time

- 2 class periods

Procedure

1. Review student responses to the Impact Questionnaires from lesson one.
2. Explain that the class will now give examples of things exchanged between countries, and then try to identify the broad categories of exchange. Students may choose to reach back in history for examples. After a few specific examples, urge the students to define broad categories. Write the following on the chalkboard:

   Information Technology Finance Goods People Culture

3. Divide the class into small groups of 5 or 6 and give group each a large piece of butcher paper. Have each group choose a recorder to write the categories on the paper. Ask the students to list specific examples under each heading, confining their suggestions to modern times. You can expect to find some of the following on their lists:

   Information: television, radio, newspapers, magazines, books, films, expertise

   Technology: appliances, computers, cars, buses, machinery of various types, medicines

   Finance: cash, stocks, bonds, savings, investment, aid

   Goods: food, clothing, furniture, oil (or fuels in general), fertilizer

   People: tourists, teachers, students, transportation workers, immigrants, undocumented workers, entertainers

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Culture: language, customs, beliefs, music, food, dance, arts

4. Have the groups reconvene as a class to compile a master list which can be placed on a bulletin board for future reference. Many of the suggested examples will fit into more than one category. A television, for example, could be included in the technology, information, and goods categories. Discussion is valuable, for it increases the students' awareness of the extraordinary complexity of exchange.

5. Have the students determine which of the items on the master list would apply to the exchange between the United States and Mexico. In fact, most will apply. To illustrate, you might have students go through newspapers, magazines, and the Internet to discover examples of some type of trade or exchange between the United States and Mexico. Students should take care to examine not only the news sections but also travel, sports, entertainment, and financial sections. An entertainer from Mexico, for example, can pump money into both countries' economies. People in this country pay dollars to see the entertainer's show. Some of this money remains in the United States to pay for production crews, advertising, and the theater or concert hall. The rest of the money may go back to Mexico as part of the entertainer's fee.

6. Divide the class into small groups of 3–4 students. Distribute copies of the Fact Sheet, U.S.–Mexico Economic Interdependence, to each group. Have the class discuss the implications of economic interdependence between the United States and Mexico based on the following points (also included on the fact sheet).

   - The exchange between the two countries is voluminous, although Mexico depends much more on the United States for imports and exports.
   - Thousands of jobs in both countries depend on this exchange.
   - The two countries are becoming economically interdependent, although the relationship is asymmetrical due to the different technological level of each country.
   - Shared production has many advantages even though criticisms from both sides of the border have been directed against each country for failing to solve some problems and creating others.

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U.S.–Mexico Economic Interdependence

While reading the following fact sheet, discuss the following points as a group:

- The exchange between the two countries is voluminous, although Mexico depends much more on the United States for imports and exports.
- Thousands of jobs in both countries depend on this exchange.
- The two countries are becoming economically interdependent, although the relationship is asymmetrical due to the different technological level of each country.
- Shared production has many advantages even though criticisms from both sides of the border have been directed against each country for failing to solve some problems and creating others.

The global flow of people, information, technology, goods, and money is an established fact of the twentieth century, and will only become stronger in the new millennium. The growing interdependence of the economies of the United States and Mexico is a direct result of that movement. It is also a case that has special importance for students, because it affects their everyday lives. Many of us interact daily in our schools, stores, and restaurants with Mexican immigrants and their descendants. In 1998–99, 41 percent of California's total student population was Hispanic, with many of these students' families having originally immigrated from Mexico. Mexican immigrants and their descendants not only contribute to the U.S. economy, but bring with them elements of their culture such as language, music, food, and customs, which create demands for new products and add variety to our lives.

Some students have vacationed in Mexico, taking advantage of its proximity and a favorable dollar/peso exchange rate. In our homes, we use products with familiar brand names such as Johnson & Johnson, Fisher-Price, Sears, Mattel, AMF, and RCA, which have been assembled in Mexico. Parents may work for one of these companies or for others, such as General Motors, General Electric, or Ford, all of which import product components from our neighbor. Many of the fresh fruits and vegetables on our tables during the winter have come from Mexico. We import coffee, oil, gas, petroleum products, electrical machinery and equipment, and even office-machine parts from Mexico.

The U.S.–Mexico economic relationship not only touches our everyday lives but has a tremendous impact at regional and national levels as well. California's exports to Mexico reached $9.1 billion in 1996 alone. Mexico, in fact, is the United States' third-largest trading partner after Canada and Japan.

A decline in one country's economy can have serious repercussions. In 1995, due to social and political troubles, Mexico suffered its worst depression in 60 years. During this time, 30,000 Mexican businesses went bankrupt, 2 million people became unemployed, and inflation

soared to 52 percent. The United States feared that such a crisis of its third-largest trading partner would have a negative effect on its own economy, and that of the rest of the world. In response, it coordinated an international relief program in which $20 billion from the United States and over $40 billion from other countries helped Mexico rebuild its foreign currency reserves and lower its high debt. As such an event illustrates, the two countries are interdependent economically to the point that crisis in one country is immediately reflected in the other.

Mexican economists are concerned, however, because economic integration is taking place asymmetrically, that is, on an unequal basis. Mexico, a less industrialized country, is far more dependent on the United States for markets and goods than is the United States on Mexico. In 1997, over 75 percent of Mexico's import and export business was with the United States; yet only 10 percent of the U.S. total was with Mexico. Under the circumstances, many economists suggest that the term "interdependence" may be misleading, and that it would be more appropriate to describe this relationship in terms of dependence.

From another standpoint, however, the trade and exchange between the United States and Mexico can be described in terms of "shared production." In 1994, the ratification of the North American Free Trade Agreement (NAFTA) by the United States, Mexico, and Canada created one of the largest free trade regimes in the world and sought to make the bloc of three countries more competitive in the world market, particularly in response to the trading blocs of Asia and Europe.

In a free trade agreement, the participating countries try to remove as many barriers as possible to encourage trade with one another. In doing so, countries trade for goods and services that either cannot be produced in sufficient quantity in one country, or can be produced more cheaply and efficiently in another country. Shared production takes advantage of each country's available resources. Ideally, this leads to greater efficiency and capacity in competing in the world market, higher production, greater specialization, etc. In U.S.–Mexico shared production, the United States contributes capital and technology while Mexico contributes abundant labor and low wages.

In addition to NAFTA, the two countries' involvement in shared production is regulated by the Border Industrialization Program (BIP), a cooperative effort initiated in 1965. According to BIP regulations, unfinished products or product components—from delicate lingerie to heavy machinery—are shipped into Mexico for assembly in U.S.-built plants called *maquiladoras*. (The word means "gristmill," referring to the idea that goods are "ground out.") Mexico charges no import duties; in general, the products are not sold in that country. When assembled, the goods are shipped back to the United States, this time subject only to a tax based on the value added by Mexican labor. Look at the estimated comparative hourly wage of Mexican labor in

producing one electronic item in 1997:

Location	Hourly Wages
Mexico	$.80–1.25*
El Paso, Texas	$9.00–13.00**
San Jose, California	$15.00–20.00**

* Amount obtained from the American Friends Service Committee

** Amount obtained from the U.S. Department of Labor, Bureau of Labor Statistics

In addition to far lower wages, savings in technology and equipment costs in Mexico can lead to dramatic production savings. Moreover, the work week in Mexico is longer—six 10-hour days as opposed to five 8-hour days in the United States. As a result, some research suggests that Mexican workers are more productive. Certainly, firms in the United States and in a growing number of European and Asian countries believe these findings. In late 1985, there were 590 maquiladoras doing business with U.S. firms; today most of the estimated 4,000 plants are owned by the United States or Japan.

The Mexican assembly plants are clustered along the border in many Mexican cities, each of which has a "twin" on the U.S. side of the border. The local economies of the twin cities are interdependent. A crisis such as the 1982 peso devaluation caused alarm and confusion in border cities in both countries.

Forces within government and business favor the expansion of the assembly plants in Mexico. From a U.S. point of view, when production costs remain low, companies can maintain their profit margins without having to raise the prices of products. The positioning of the maquiladoras along the border also suits U.S. business. Executives and managers can continue to live in this country and simply cross the border when they need to go to the plant.

The maquiladora operation has had a tremendous impact on the Mexican economy. In 1995, over 2,000 maquiladoras employed 640,000 workers and pumped millions of dollars into the Mexican economy. Today, there are an estimated 4,000 maquiladoras employing an estimated 900,000 Mexican workers, with billions of dollars pumped into Mexico's economy every year. In 1995, when Mexico suffered a terrible depression, maquiladoras were crucial to solving the crisis. The cheap labor force attracted foreign manufacturers back to Mexico, reviving the country's export business and saving its economy.

Nevertheless, the BIP has critics on both sides of the border. Labor unions in the United States call the assembly plants "runaway plants," because many such factories in the United States have closed only to re-open in Mexico or other Third World countries. Union members feel that each job created in Mexico means a job lost in the

United States. When the unemployment runs high, so does resentment. Union leaders also argue that the industrialization of the border region acts as a magnet, attracting people from all over Mexico. Few men, however, find work in the maquiladoras, which prefer to hire women. Many of the men, unions argue, then cross the border as undocumented workers and compete with U.S. citizens for jobs in this country.

Most of the criticism of the BIP, however, comes from the Mexican side of the border. Economists point to the fact that companies in the United States determine where a plant will be built, what product it will assemble, and how many people will be employed. The plants, the critics argue, thus increase Mexico's dependence on the United States. In addition, productive resources are concentrated along the border and do little to enhance the development of other areas in Mexico.

Finally, while assembly plants do provide thousands of jobs, over two-thirds of those hired are young women between 16 and 24 years of age. Men are generally found only in plants assembling heavy machinery. The women are considered to be more manually dexterous, a requirement particularly in electronics assembly or clothing production. Second, women tend to be viewed as a more docile labor force. Attempts to unionize workers are discouraged.

Regardless of criticism, neither country is likely to call for an end to shared production. The Mexican government has expanded the system to the country's interior. Each year, Mexico welcomes a growing number of assembly plants from Asian and European countries. The maquiladora has truly become one of the hallmarks of international business, for better or for worse.

Lesson Three

INTERDEPENDENCE AND DEVALUATION

A CASE STUDY

Organizing Questions

- What was the impact of the 1982 peso devaluation on border residents?
- What was the rationale for the peso devaluation?

Introduction

In this lesson, students will either participate in or analyze a dramatic reading concerning the August 1982 peso devaluation and its enormous impact on both the United States and Mexico. Once again, the focus will be on the border region.

Objectives

- to understand the rationale for peso devaluation
- to examine the impact of the 1982 devaluation on border residents

Materials

- Handout #1: Confusion on the Border, nine copies
- Handout #2: Crisis Impact Grid, one copy for each student observer of the dramatic reading
- Crisis Impact Grid (Possible Responses), for the teacher

Time

- 1–2 class periods

Procedure

1. Write the following terms on the board and discuss them with the class:

   artículos ganchos: U.S. consumer goods purchased by the Mexican government and sold in Mexico to prevent Mexican consumers from spending their pesos in the United States. *Artículos* means articles or goods, and *gancho* means hook; the goods were intended to "hook" pesos and keep them in Mexico.

   black market: illicit trade in goods or commodities in violation of official regulations

   certificates of deposit: high-interest-bearing savings accounts offered by Mexican banks to attract Mexican and foreign investment.

   currency: a country's coins and paper money, used as the medium of exchange in transactions

devaluation: the lowering by a government of the value of its currency in relation to the currencies of other countries in order to increase foreign spending in its economy

dollar economy: an economy in which transactions take place using dollars, rather than some other nation's currency as the medium of exchange

inflation: an increase in the amount of money and credit available in an economy, with the result that prices rise and the purchasing power of each unit of currency decreases

nationalize: to convert a company, bank, or industry, from private to governmental ownership and control

public foreign debt: the amount borrowed by a government from banks and institutions outside the country. The debt includes both principal and interest. The term "principal" refers to the actual amount borrowed. The term "interest" refers to the additional amount of money the bank charges for the loan.

speculate: to purchase goods or currency in anticipation of a price increase, when either can be sold at a profit

2. Assign the following roles to nine class members, and give each one a copy of Handout #1, Confusion on the Border.
   - narrator
   - Mexico's speaker
   - U.S. speaker
   - Jaime Ochoa, merchant from Texas
   - Ron Jones, consumer from Texas
   - Arnoldo Navarro, Texas banker and investor
   - Eduardo Herrera, Foreign Exchange Bank representative from Texas
   - Antonio Gomez, cab driver and consumer from Mexico
   - José Estrada Lopez, business leader from Mexico
3. Divide the rest of the class into two groups representing Mexico and the United States. Have students move their desks so that the two groups face one another. Distribute a copy of Handout #2, Crisis Impact Grid, to each group member.
4. As the nine assigned students read the script, the rest of the class should take notes on Handout #2, Crisis Impact Grid. Point out that on both sides of the border there were positive and negative results. Members of the group designated as representing the United States should concentrate on that viewpoint while the others should focus on the Mexican opinions.
5. After the actors have completed the reading and group members have filled in the grid, ask the class to discuss both the positive and negative impacts of the peso devaluation on both sides of the border. To guide this discussion, you might wish to ask the following questions:

- What was the impact of the peso devaluation on consumers on both sides of the border? Whose situation was improved?
- What measures did the Mexican government take to prevent hoarding?
- What kind of investment benefited from the devaluation? Did any investments not benefit? Why?
- Mexico's speaker said, "You in the United States depend on us." What did he/she mean?
- How can a government's economic policies affect different groups in that country and in others as well?

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handout #1

CONFUSION ON THE BORDER: THE CASE OF THE 1982 PESO DEVALUATION

Narrator — In 1982, Mexico's economy was paralyzed. The oil "boom" of the 1970s had led the rapid economic growth. Inflation rose from an annual rate of 28 percent in January to 60 percent in June.

Mexico's Speaker — Mexico had borrowed heavily in the 1970s because the profit from oil revenues was expected to repay the large loans. Yet in 1982, the public foreign debt jumped to $55 billion, and the prices of the oil reserves needed to repay the debt dropped by one-third. The government needed to stop the flow of money *out* of Mexico and make the purchase of Mexican exports more desirable for other nations in order to build up its money supply.

U.S. Speaker — For years, Americans had found Mexico a good investment, because dollars would earn 15 percent interest. But on Thursday, August 12, 1982, the Mexican government changed the rules. All dollar accounts became peso accounts at a low exchange rate of $.50 on the dollar. Banks were nationalized, and it now took 70 pesos to purchase one dollar, which was previously equal to 25 pesos.

Narrator — On the local level, the impact of the peso devaluation would drastically change lifestyles and conditions on both sides of the border.

Mexico's Speaker — For years, we in Mexico lived in a dollar economy. We were able to have charge accounts in U.S. department stores and cross over to buy American goods. To prevent money leaving Mexico, the government made new policies were made so that many of the items we used to buy in the United States, *artículos ganchos*,[1] were now imported into Mexico to "hook" our pesos into staying in Mexico.

Narrator — Yet after the peso devaluation, the purchasing power of Mexican consumers had been cut in half. Prices on U.S. goods were now twice as much as they had available to spend, once their wages were translated into dollars.

Jaime Ochoa (merchant from Texas) — That's right! In my Texas clothing store, I used to sell $27,000 worth of clothes in one night's "Moonlight Sale" to Mexicans who paid in pesos. Now I'm trying to find business. I even go to funerals, hoping that someday the family will give me their business.

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[1] *Artículos* refers to "articles" or "goods"; *ganchos* means "to hook."

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Narrator	Ochoa's plight is an example of how the plunge in the value of the peso against the dollar turned U.S. border towns such as Brownsville, El Paso, Nogales, and Tijuana topsy-turvy.
U.S. Speaker	In cities on the U.S. side of the border, which in recent years had become hugely dependent on Mexican trade and sales taxes, merchants were suffering.
Mexico's Speaker	Meanwhile, in a swift turnabout, retailers and grocers on the Mexican side of the border found their shelves stripped by Americans.
Narrator	On Friday, Ron Jones decided, for the first time, to do his grocery shopping on the Mexican side of the border. He drove his wife and three children across the border to the Calimex supermarket.
Ron Jones (consumer from Texas)	All the radios were saying that prices were 70 percent less there. I was puzzled by the conversion of pesos into dollars but pleased with the prices. I bought a cart full of groceries for a fraction of the price I would have had to pay in the United States.
Mexico's Speaker	But for Mexican families, the peso devaluation meant hardship. There were high prices on imported goods and panic buying of some locally produced items for fear the stores might run out.
Arnoldo Navarro (Texas Banker and Investor)	For those brave enough to speculate in currency, the chaotic state of the peso could mean instant enrichment or loss. Playing the game was kind of risky. You could do it, all right, but you did it at your own risk. For example, an American who had placed $100,000 in pesos in a Mexican bank for certificates of deposit before the 1982 devaluation (a popular practice by Americans who attempted to avoid U.S. taxes and took advantage of Mexican banks' high interest rates) now would have only $70,000 worth of pesos.
Mexico's Speaker	A Mexican, meanwhile, who had changed $100,000 worth of pesos into dollars and placed them in a U.S. bank account before the devaluation, now would have found his buying power in Mexico increased by 30 percent overnight.
U.S. Speaker	Some predicted that this kind of risk-taking would result for the first time in recent history in the development of a large, active "black market" for dollars in Mexico.

handout #1

Eduardo Herrera (Foreign Exchange Bank Representative from Texas)
The impact of the devaluation was deep and wide. It brought illegal transactions. It made criminals out of otherwise honest people.

Narrator
After the Mexican Central Bank ordered all dollar exchanges halted Thursday, things were in a state of confusion at the U.S. banks. Callers from Mexico were frantically checking on the status of their dollar accounts. Americans were calling to find out about their deposits in Mexican accounts. Local merchants were calling to ask if they should accept pesos, and if so, at what rate.

Navarro
I told them not to accept any more pesos. Stores in Texas that once displayed signs saying "Aceptamos Pesos" (We Accept Pesos) to lure Mexican customers were not accepting any Mexican currency at all on Friday. Other stores were accepting pesos, but reluctantly.

Ochoa
No way could we stop doing that. That was our bread and butter.

Mexico's Speaker
As usual, the ones who suffered most during such episodes were the poor, particularly those in Mexico who were paid in pesos.

Antonio Gomez (Cab Driver and Consumer from Mexico)
I lived across the Rio Grande. As a cab driver, 48 years old, who made about $133 a month, I could afford meat and chicken three or four nights a week for my family of 10 before the devaluation. After, we could only have meat one day a week and none of my children (the oldest of whom is 20) could find work. My family had beans and soup almost every night, because enough chicken or meat for one meal cost me an entire day's wage.

José Estrada Lopez (Business Leader from Mexico)
Although this situation was difficult and there was short supply of oil, soap, and sugar, it was not a crisis. Nine managers of the city's major supermarkets and I met with officials that Thursday to ask that distribution of food be made a priority. We were told not to worry. We had enough commodities for Americans and Mexican citizens. Mexican residents could buy what they needed, and if the Mexican poor people didn't have enough money to buy tortillas, that was their problem.

Gomez
When I tried to purchase articles that my family needed, I had to use more and more pesos to buy goods whose prices were pegged to dollar prices. I stopped going across the border to the United States, and I only shopped for government-subsidized goods—cornmeal, sugar, milk, beans—when I could afford them. I was luckier than many, though, since I had my taxi and could work. What about those who were unemployed?

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Mexico's Speaker	Even though the dollars could buy more pesos, tourists didn't come. They were scared off by horror stories about tourists being searched for dollars by Mexican customs officials.
Jones	There were tough border check stations, which discouraged U.S. tourists and shoppers. We didn't know how much money we could take into the country.
Mexico's Speaker	After the initial shopping spree on sugar and flour, business slowed down. Police in Mexico started passing out a list of 21 restricted items, including tortillas and rice, that couldn't be taken back to the United States.
U.S. Speaker	So who benefited? In the assembly plants owned by General Motors, Ford, Johnson & Johnson, Mattel, and General Electric, 130,000 Mexican workers were paid more than $12 billion. Wages paid in pesos dropped under one dollar after the devaluation. Even though U.S. labor unions called these assembly plants "runaway plants" that threatened jobs in the United States, labor costs to manufacturers were cut by one third to one-half. Assembly work puts Mexico in competition with Hong Kong, Taiwan, Haiti, and the Philippines for labor-intensive industry.
Mexico's Speaker	Yes, you in the United States depend upon us—you can't live as comfortably without us.

(People and statements are fictitious and are based upon news articles and interviews.)

handout #2

CRISIS IMPACT GRID

How did the 1982 peso devaluation affect:	In Mexico	In the United States
Merchants (owners of clothing stores or food markets)		
Investors (individuals or companies who deposited money in banks or invested money in industry)		
Bankers		
Families		

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CRISIS IMPACT GRID (POSSIBLE RESPONSES)

How did the 1982 peso devaluation affect:	In Mexico	In the United States
Merchants (owners of clothing stores or food markets)	Shoppers from Mexico and the United States bought large quantities of meat, sugar, and flour, leading to shortages and restricted items. Mexican consumers faced high-priced imports.	Stores that used to depend on purchases by Mexican consumers had no business and were trying to encourage consumers to buy, yet they were not certain whether to accept pesos for purchases.
Investors (individuals or companies who deposited money in banks or invested money in industry)	U.S. investors who had deposited in Mexican banks before the crisis lost almost one-third of their money. Large manufacturers gained due to lower wages after the devaluation.	Mexicans who had invested in U.S. banks increased their investment by 30 percent overnight.
Bankers	Confusion resulted in phone calls from U.S. investors and local merchants. No one knew the value of the peso. Finally, all dollar exchanges were halted.	Since Mexican purchasing power had been cut in half, the amount of investment and purchases by Mexican consumers in U.S. markets declined drastically.
Families	Families could not afford meat or eggs. Only government-subsidized items could be purchased. Families could no longer afford any U.S. imports.	Some Americans crossed the border to take advantage of bargains on certain items, but soon a restricted list of items was circulated to prevent hoarding.

Lesson Four

TWIN CITIES WORKING TOGETHER

A CASE STUDY

Organizing Questions

- What are the twin cities along the U.S.–Mexico border?
- How are the twin cities economically interdependent?

Introduction

In this lesson, students examine the economic relationship that exists between the "twin cities" along the U.S.–Mexico border. Special attention will be paid to the cities of El Paso, Texas and Juárez, Chihuahua, as well as to the maquiladoras, which are an important factor in economic integration.

Objectives

- to identify twin cities along the U.S.–Mexico border
- to understand that twin cities are economically interdependent and share human, environmental, technological, and capital resources
- to identify viewpoints, arguments, and conclusions in position papers
- to examine position papers for facts, opinions, assumptions, clichés, and biases
- to form individual opinions about the U.S.–Mexico economic relationship based upon factual information

Materials

- U.S.–Mexico Border Map (from Lesson One), one copy per pair of students
- Handout #1, Impact Questionnaire (from Lesson One), one copy per student
- Fact Sheet, U.S.–Mexico Economic Interdependence (from Lesson Two), for the teacher
- Position Paper #1: Maquiladoras, one per small group
- Position Paper #2: Investment, one per small group
- Position Paper #3: Industry, one per small group
- Position Paper #4: Employment, one per small group
- Position Paper #5: Border Industrialization Program, one per small group

lesson four

- Position Paper #6: Twin Cities, one per small group
- Position Paper #7: "Runaway" Industry, one per small group
- Suggested Responses, for the teacher
- Transparency, Maquiladoras: Arguments For and Against

Time

- 1–2 class periods

Procedure

1. Have students work in pairs to identify the twin cities along the border on the U.S.–Mexico Border Map. Students should be able to list the states in both countries in which the cities are located. Students will identify:

   San Diego, California—Tijuana, Baja California
   Campo, California—Tecate, Baja California
   Calexico, California—Mexicali, Baja California
   San Luis, Arizona—San Luis de Colorado, Sonora
   Ajo, Arizona—Sonoita, Sonora
   Nogales, Arizona—Nogales, Sonora
   Douglas, Arizona—Agua Prieta, Sonora
   Columbus, New Mexico—Palomas, Chihuahua
   El Paso, Texas—Juárez, Chihuahua
   Presidio, Texas—Ojinaga, Chihuahua
   Del Rio, Texas—Villa Acuña, Coahuila
   Eagle Pass, Texas—Piedras Negras, Coahuila
   Laredo, Texas—Nuevo Laredo, Tamaulipas
   Brownsville, Texas—Matamoros, Tamaulipas

2. Tell the students you are going to focus on the border area because economic integration is well advanced in that region. Use the information provided in the Fact Sheet, U.S.–Mexico Economic Interdependence (from Lesson Two), to explain the operation of the Border Industrialization Program (BIP) and the function of the maquiladoras. Be certain to write the following terminology on the chalkboard:

comparative advantage	maquiladoras
off-shore production	shared production
in-bond industry	runaway plant

   Your discussion of these terms should help students understand that economic integration in this region began long before the establishment of the maquiladoras. For decades, people have

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been crossing the border every day to work, to make purchases, or to obtain services. The economic relationship has intensified, however, since the BIP began in 1965. Because productive resources are uneven, each country's economy has become specialized according to the comparative advantages apparent to that economy. For example, the Mexican cities have a comparative advantage in labor resources; Mexican workers receive less pay, work longer hours, and are generally more productive than their counterparts in the United States. The border cities in the United States have capital, management expertise and access to markets that the Mexican cities do not have. The cities of both nations cooperate, therefore, to share in the production of some product.

3. List some of the kinds of products assembled in the maquiladoras:

running shoes	golf clubs	automobile parts
VCRs	jeans	cassette decks
underwear	T-shirts	dolls
luggage	doll clothes	pull toys
electric fans	sweatsuits	golf bags
air conditioners	stereos	makeup kits
purses	televisions	

Ask students how many of these products could be found in their homes. Students may want to examine the labels on such products, either at home or in toy and sporting goods stores. Mention some of the brand names. After examining a variety of labels, students will find that assembly plants are located in many countries.

4. Have the students refer to the master list compiled during Lesson Two. Ask them how many categories of exchange are involved in the process of shared production. Use the following example of the manufacture and assembly of a television to help students realize that all categories are pertinent:

   - **Information** is provided during training programs at the assembly plants.
   - **Technology** is utilized in the equipment designed to assemble the televisions.
   - **Finance** is involved through capital investment and wages.
   - **Goods**, of course, are produced as the final product, the television set.
   - **People** are hired to assemble the sets and run the plant.
   - **Culture** is interchanged in the areas of language, beliefs, and customs.

5. Since the border maquiladora is such an important factor in the production of goods we use every day and since the assembly

plant is tied closely to the U.S. economy, it is appropriate to examine the maquiladora in more detail.

6. Divide the class into small groups and distribute copies of the position papers to each group. Group members should read the papers together and answer the questions. Students should be able to identify each paper's argument, viewpoint, and conclusion. Instruct students to look for evidence of bias in each paper. On the basis of these papers and your discussion, ask the students to compile a list of the positive and negative effects of the maquiladoras. (Suggested responses to the questions on the position papers are provided for the teacher.)

7. Reconvene the class as a whole to discuss the position papers and to determine students' perceptions of the arguments for and against the maquiladora operation. Utilize Transparency, Maquiladoras: Arguments For and Against, for this discussion.

8. Have students examine the list carefully. Which country benefits the most from the operation of the maquiladoras? Which country's consumers appears to benefit the most from off-shore production? Is shared production with Mexico carried out on an equitable basis? Who determines which goods will be assembled? In each case, students should be prepared to defend their answer.

9. With more advanced students, the following topic may be introduced for additional discussion or research:

   Economists in the United States have characterized the economic relationship between Mexico and the United States as one of interdependence. This term, however, implies an equality which does not exist. In fact, the operation of the maquiladora clearly demonstrates that the economic relationship between the United States and Mexico is one of dependence, that of Mexico on the United States. Do you agree or disagree?

10. Give students copies of Handout #1, the Impact Questionnaire (from Lesson One). Allow them about five minutes to complete the questionnaire. Distribute the questionnaires the class completed when they first began this unit. Students should compare their most recent responses with their first responses. Have their impressions changed? How and why?

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position paper #1

MAQUILADORAS

Maquiladora is only one name for the type of "off-shore" foreign assembly plants (also called "twin" plants or "runaway" plants) that the Mexican government began to allow in 1965. The Border Industrialization Program (BIP) was begun as a solution to high levels of unemployment in the northern border states of Mexico. In 1995, 640,000 workers were employed in over 2,000 assembly plants located in Mexico. Tijuana and Juárez are two main cities where plants that assemble clothing, toys, electronic items, and automotive parts are located. When large corporations invest in wages and buildings, Mexico's economy gains as much in foreign earnings as it does from the tourist industry.

In 1966, the U.S. Congress also passed laws which allowed goods assembled abroad to be shipped back to the United States without customs duties. That is, the value of the whole item was not taxed but only the "value added" by the labor outside of the United States (Canada, Taiwan, Singapore, Haiti, and other countries besides Mexico are part of the process). Some of the U.S. firms that assemble goods in Mexico are Fisher-Price toys, Mattel toys, R.C.A. video equipment , and A.M.F. sporting goods. Asian firms such as Sony, Matsushita, and others have built plants in Mexico too.

This type of *shared production* takes advantage of those parts of the production process that are most efficient and economical in each of the two countries: in this case, labor-intensive activities in Mexico and capital (money, technology, and equipment) from the United States. Every year there are many more people employed in the maquiladoras.

Who do you think would have this viewpoint?_____

Occupation_____Nationality_____

Summarize the arguments this person makes:

1._____

2._____

3._____

What is the major conclusion?_____

_____

_____

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position paper #2

INVESTMENT

In Mexico, I am able to earn quite a bit from my investment of money and technical equipment (capital resources), because production costs are lower and productivity is higher than in the United States. Hourly wages in Mexico range from $.80 to $1.25; in El Paso, Texas, from $9.00 to $13.00; and in San Jose, California, from $15.00 to $20.00. Assembly industry in Juárez, for example, earns twice the income return than if I invested in any other industry or region of Mexico. Another advantage is that when the products return to the United States, the item is not taxed in customs; only the "value added" by labor in Mexico is taxed. In other words, without high customs duties (taxes on imports), prices are lower for consumers when the product is sold in the United States.

This type of investment is good for Mexico too, since the contributions that assembly plants make to the national economy have risen higher than earnings from tourism in recent years. Wages in assembly plants are higher than in other types of jobs and many people are employed. Every year, more firms are building plants in Mexico to take advantage of cheap labor. It's good for both countries.

Who do you think would have this viewpoint?_____

Occupation_____Nationality_____

Summarize the arguments this person makes:

1._____

2._____

3._____

What is the major conclusion?_____

_____

_____

position paper #3

INDUSTRY

We're strongly in favor of industry coming to our city, so the city government and business leaders are working together to advertise our "Texas-style" business climate, as well as the other advantages of our community. There is a good educational system, a major university, and many cultural activities. The international crossing from Mexico has been improved and superhighways have expanded.

City bond issues have been passed to finance new buildings and roads. Consumers and industry are encouraged to spend and invest. We've taken out advertisements in large metropolitan newspapers all over the United States to invite industrial leaders to consider locating their corporations in our city, which is so close to Mexico. The nearby assembly plants can be located in our sister city across the international border.

Who do you think would have this viewpoint?_____

Occupation_____Nationality_____

Summarize the arguments this person makes:

1._____

2._____

3._____

What is the major conclusion?_____

_____

_____

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position paper #4

EMPLOYMENT

I am 18 years old, and I work in a clothing maquiladora. I went to high school and don't want to work as a maid. I'm lucky, because the maquiladora where I work is newly painted and has a workers' cafeteria and even athletic fields. Others are not so lucky, because some assembly plants disappear overnight and leave the workers unpaid.

From Monday through Saturday, I work 48 hours a week. We work at sewing machines from 6:30 AM until 3:30 PM. I used to make the equivalent of $1.65 an hour in pesos; after August 1982, my wages were equal to less than $1.00 an hour; after 1997, I've made about $1.25 an hour. Since the prices in stores are always going up, I can only buy half of what I used to.

I live with my aunts and my mother in a small house in a neighborhood where the unemployed men make noise day and night. Half of what I make goes to my mother. I'm saving the rest to buy a television.

My sister is married and she also works in the maquiladoras. She is happy to have a job, but her husband is not so happy. He can't find work anywhere and the maquiladoras mostly hire women.

Who do you think would have this viewpoint?_____

Occupation_____Nationality_____

Summarize the arguments this person makes:

1._____

2._____

3._____

What is the major conclusion?_____

_____

_____

position paper #5

Border Industrialization Program

The economic policies of the Border Industrialization Program hurt, not help, Mexico's economy. Since over 75 percent of all imports and exports are carried out with the United States, Mexico does not need to expand those industries that increase its dependence upon markets in the United States, where all of these manufactured goods are sold.

I oppose additional assembly plants in Mexico for several reasons. These plants are isolated from the Mexican economy, since they produce goods only sold outside Mexico. Few Mexican materials are actually used in production; the parts and machines come from other countries. Few unemployed men are hired. Young women get the jobs, because they are more docile. These workers are receiving lower wages on a daily basis—as low as $.57 an hour after the 1982 devaluation of the peso. Now they make between $.80 and $1.25 per hour. What little these people make is often spent on consumer goods from the United States, so the money leaves the country again.

With foreign ownership and management, the industry increases Mexico's economic dependence on the United States instead of improving the flow of goods, services, and income within the Mexican economy.

Who do you think would have this viewpoint?_____

Occupation_____Nationality_____

Summarize the arguments this person makes:

1._____

2._____

3._____

What is the major conclusion?_____

_____

_____

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position paper #6

TWIN CITIES

We are pleased to be a twin sister city of El Paso. Juárez is one of the largest cities in Mexico with a population of over one million people. In 1956, when the Bracero Program for guest farmworkers ended in the United States, there was high unemployment along the border. Now (1995) with 230 or more maquiladoras, or assembly plants, 155,400 Juárez residents are employed. "Maquila" means gristmill, and that is just what the assembly plants do. Just like a gristmill grinds the wheat from the farmer into flour, the maquiladoras assemble goods for manufacturers. Parts are brought into Mexico freely, thanks to government policies that encourage the spread of what is called "in-bond" industry.

Wages for assembly workers here are higher than in other parts of Mexico and in other industries. There has always been high migration from the central region of Mexico, yet we hope that the jobs provided in Juárez will limit some of the out-migration.

My city government is pleased to be part of a "twin city" with many "twin plants" located here. Every day, the advantage in the cost of labor improves, since the dollar buys more pesos each day and wages drop. The devaluation of the peso has only improved the *comparative advantage* in production my city has over the United States.

Who do you think would have this viewpoint?_____

Occupation_____Nationality_____

Summarize the arguments this person makes:

1._____

2._____

3._____

What is the major conclusion?_____

_____

_____

position paper #7

"Runaway" Industry

I call these plants "runaway" industry, taking jobs away from U.S. workers in clothing, electronics, and other assembly types of employment. And who encouraged these companies to build plants outside the United States? The U.S. Congress allowed the assembled goods to avoid customs duties (import taxes) with two well-known tariff schedules: 806.30 and 807.00. I'm fighting against any type of legislation that allows the importation of goods without customs duties. Organized labor has taken a lead in this area as well.

Other problems are created when this industry—also called "off-shore" or "in-bond" industry—attracts the unemployed from all over Mexico to the border region. Since 50 people apply for every one job in the assembly plants, what do the rest do? They cross the border as undocumented workers. Men, in general, are not hired by the plants, and so unemployment among the men in northern Mexico continues. Migration continues, especially illegal migration, since one hour's wage in the United States equals about one day's wage in Mexico.

Who do you think would have this viewpoint?_____

Occupation_____Nationality_____

Summarize the arguments this person makes:

1._____

2._____

3._____

What is the major conclusion?_____

_____

_____

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SUGGESTED RESPONSES

Position Paper #1: "Maquiladoras"

Who do you think would have this viewpoint? *Economist*

Occupation: *University Professor* Nationality: *U.S.*

Summarize the arguments this person makes:

1. *The BIP was intended to provide employment in Mexico.*
2. *Mexico benefits from increased foreign exchange earnings.*
3. *The United States benefits because production costs are lower and profits higher.*

What is the major conclusion? *Assembly industry benefits both countries.*

Position Paper #2: "Investment"

Who do you think would have this viewpoint? *Businessman*

Occupation: *Manufacturer* Nationality: *U.S.*

Summarize the arguments this person makes:

1. *Investment in assembly plants in Mexico increases profits.*
2. *Consumer prices are lower for goods assembled in Mexico.*
3. *The assembly plants benefit the Mexican economy.*

What is the major conclusion? *Assembly industry increases profits and reduces consumer prices.*

Position Paper #3: "Industry"

Who do you think would have this viewpoint? *Political Leader*

Occupation: *Former Mayor of El Paso, Texas* Nationality: *U.S.*

Summarize the arguments this person makes:

1. *There are many cultural and educational benefits for those relocating to El Paso.*
2. *New buildings, roads, bond issues, and trade zones encourage industrial growth.*
3. *Both the business community and city government work together to improve industry.*

What is the major conclusion? *El Paso offers incentives and advantages to firms located there.*

for the teacher

Position Paper #4: "Employment"

Who do you think would have this viewpoint? *Female Employee*

Occupation: *Maquiladora Worker* Nationality: *Mexican*

Summarize the arguments this person makes:

1. *The assembly plant provides jobs and income.*
2. *Since the peso devaluation, wages buy less and less.*
3. *She shares her income with her mother and hopes to buy U.S.-made goods.*

What is the major conclusion? *Although she works long hours for little money, she earns enough to support herself and her mother.*

Position Paper #5: "Border Industrialization Program"

Who do you think would have this viewpoint? *Economist*

Occupation: *University Professor* Nationality: *Mexican*

Summarize the arguments this person makes:

1. *Mexico's economy is already too dependent on the United States.*
2. *The assembly plants are isolated from the Mexican economy.*
3. *The women workers make low wages and work long hours.*

What is the major conclusion? *Assembly plants harm the Mexican economy and increase dependence.*

Position Paper #6: "Twin Cities"

Who do you think would have this viewpoint? *Political Leader*

Occupation: *Former Mayor of Juárez, Chihuahua* Nationality: *Mexican*

Summarize the arguments this person makes:

1. *Assembly plants bring wages to the area and improve the flow of goods and services.*
2. *Assembly employment helps to limit emigration from Mexico.*
3. *Low-cost labor keeps production costs down.*

What is the major conclusion? *Further "twin plant" growth is good for the economy of Juárez.*

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Position Paper #7: "'Runaway' Industry"

Who do you think would have this viewpoint? *U.S. Employee*

Occupation: *Union Representative* Nationality: *U.S.*

Summarize the arguments this person makes:

1. *Goods assembled outside the United States take jobs away from U.S. citizens.*
2. *Migration to the United States increases when Mexican males cannot find jobs in maquiladoras.*
3. *Illegal migration will continue as long as wages are so high in the United States.*

What is the major conclusion? *Organized labor in the United States opposes off-shore production because it takes jobs away from U.S. citizens.*

transparency

MAQUILADORAS: ARGUMENTS FOR AND AGAINST

Arguments **Key:** **+ (advantage); – (disadvantage); ? (not clearly either)**	**Mexico**	**United States**
New factories are built in Mexico.		
Maquiladoras are isolated from the Mexican economy.		
The workforce grows in Mexico.		
Men remain unemployed since most workers are women.		
Wages earned by Mexican workers are often used to buy U.S. goods.		
Production costs are low and profits higher.		
"Runaway" plants leave workers without jobs.		
Mexico's unemployed migrate to the border region.		
Undocumented workers cross the border as undocumented workers.		
Goods assembled outside of the United States avoid customs duties.		
Wages are higher than in other places in Mexico.		
The flow of goods and services is increased.		
Prices of U.S. consumer goods are reduced.		
Since the devaluation of the peso, wages buy less.		
Employees work long hours for low pay.		
Mexico earns foreign exchange.		

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